

**REIMBURSEMENT OF TUITION TO SERVICE MEMBERS  
UNDER PUBLIC LAW 106-398  
(TUITION ASSISTANCE TOP-UP)**

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**REIMBURSEMENT OF TUITION TO SERVICE MEMBERS  
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(TUITION ASSISTANCE TOP-UP)**

**1. PURPOSE.** This appendix provides interim processing instructions for administering the Tuition Assistance Top-up provision of Public Law 106-398, described in paragraph 10 of the basic circular. Either Tuition Assistance Top-up or Top-off are acceptable names for the program. Although this appendix uses “Top-up”, either is acceptable. In each case, the abbreviation is TAT. These instructions are for immediate implementation.

**2. ELIGIBILITY REQUIREMENTS.** There are two eligibility requirements for Tuition Assistance Top-up.

**a. Eligible For Chapter 30.** The person must be eligible to receive chapter 30 benefits. This means that a person must meet the chapter 30 basic eligibility requirements and be either a veteran or have served at least 24 months if still on active duty.

**b. In Receipt of Tuition Assistance From the Military.** The person must receive Tuition Assistance from his or her military component for the course or courses for which he or she is claiming Top-up.

**3. APPROVAL REQUIREMENTS.** Any course for which Tuition Assistance is approved by a military department is approved for Top-up payments. Even though Top-up is a chapter 30 benefit, it is not necessary that courses or the schools be approved for other VA education benefit payments. Approval of a course is not an issue for this benefit.

**4. EFFECTIVE DATE.** The effective date for the provisions of this law is October 30, 2000. The Tuition Assistance Top-up benefit is available for terms that begin on or after October 30, 2000.

**LEGAL REQUIREMENTS**

**5. HISTORY.** Tuition Assistance began in the 1950's as a means to provide education benefits to persons who were on active duty. At that time, VA education benefits were payable only to veterans. The military services pay the benefit. Usually it is paid directly to the training facility rather than the person taking the training. Before this legislation, the military could pay 75% of the cost of a course. VA could pay no benefits to a student for the same courses for which Tuition Assistance was paid by the military. The new legislation amended the previous Tuition Assistance legislation and established two new provisions administered by VA through the chapter 30 program.

**6. TUITION ASSISTANCE INCREASE.** The legislation authorized the military services, including all Active, Reserve, and National Guard components to authorize Tuition Assistance up to 100% of the cost of tuition and related charges. Previously there was a limit on Tuition Assistance of 75% of the cost of tuition and related charges. These are changes to Title 10, U.S.C.

**a. Paid to School.** Generally, the training facility, rather than the student, receives Tuition Assistance. Although not encouraged by the military branches, in some limited situations Tuition Assistance can be authorized after the course is completed. In those instances Tuition Assistance is paid directly to the student.

**b. Requirements Vary by Service.** Military services are not required to pay Tuition Assistance or to pay 100% of the cost if they do offer Tuition Assistance. Each military component determines whether or not to offer Tuition Assistance and the criteria under which members of that component are eligible. Further, each branch or component can determine the percentage level of Tuition Assistance to pay. Therefore, some branches may authorize some members 100% and others less than 100% and some branches may not offer Tuition Assistance at all.

**c. Maximum Amounts Determined by DoD.** If a branch or component offers Tuition Assistance, there is a maximum amount payable for each course. There is also a maximum annual amount that an individual can receive. The Department of Defense determines these limits and each branch must adhere to them. Therefore, if an individual is taking very expensive courses, Tuition Assistance, even at the 100% level, may not be sufficient to cover the entire cost of the courses. Likewise, an individual may receive the maximum amount of Tuition Assistance permitted in less than a full year and not be eligible for Tuition Assistance for the entire year.

**7. TUITION ASSISTANCE TOP-UP.** In addition to the increase in Tuition Assistance limits, the legislation revised Chapter 30 (38 U.S.C. §3014) to permit VA to issue payment to an individual for all or any portion of the difference between the Tuition Assistance amount paid by the military component and the total cost of tuition and related charges. This provision is Tuition Assistance Top-up (TAT). TAT is available only to persons eligible for chapter 30. Although Reserve and National Guard components also offer Tuition Assistance, there is no Top-up provision for chapter 1606 recipients. A person who is eligible to receive chapter 30 who is receiving Tuition Assistance from a Reserve or National Guard component, is eligible for TAT. Only Federal Tuition Assistance paid by National Guard components qualifies for TAT.

**a. Chapter 30 Benefit.** Tuition Assistance Top-up is **not** additional Tuition Assistance. It is a Chapter 30 benefit.

**b. Paid to Claimant.** The Top-up payment is made to the individual claimant, not to the training facility. It is made in one lump-sum payment.

**c. Limited By Chapter 30 Rates.** The amount of the Top-up payment is subject to the same limits that apply to chapter 30 monthly benefits. Therefore a person who receives Tuition Assistance for a course or courses that would be payable at the half-time rate for chapter 30, could receive a TAT payment equal to the cost of the course not covered by Tuition Assistance up to the amount payable for the half-time rate for the period of the course. For example, a Category IB claimant who receives Tuition Assistance for a 3 month course could receive up to \$1950 (\$650 monthly chapter 30 rate X 3 months) if training full-time, \$975 (\$325 monthly chapter 30 rate X 3 months) if training half-time, etc.

**d. Must Meet Chapter 30 Payment Requirements.** In order to be eligible for Top-up, the person must meet the chapter 30 eligibility and payment requirements. This means that a person on Active Duty must be a chapter 30 participant and have served at least 24 months in order for Top-up to be payable. Unlike regular chapter 30, however, the claimant does not have to be pursuing a program of education in order to receive Top-up benefits.

**e. Tuition Assistance Must Be Authorized.** The Top-up benefit can be paid only for courses for which Tuition Assistance was paid by the military. A person who is eligible for chapter 30 who is in the Selected Reserve or National Guard is eligible for the Top-up if Tuition Assistance is paid by his or her Reserve or Guard component. The majority of those who apply for this benefit, however, will be on Active Duty.

**f. Limited to 36 Months.** The Top-up benefit is payable for 36 months of courses. This is separate from months of basic entitlement to chapter 30 benefit payments. Chapter 30 basic months of entitlement are not affected by Top-up payments. Top-up "entitlement" is not adjusted by training time. If Top-up payment is made for a course, the Top-up entitlement is reduced by the length of the course regardless of how much the Top-up payment is. For example, if the course is 3 months long, the Top-up entitlement charge is 3 months whether the amount of payment is \$1950 or \$50. The claimant would, however, still have 36 months of entitlement for "regular" chapter 30 benefits.

**g. Normal Approval is Not Required.** Top-up benefits are payable for any course for which DoD has approved the payment of Tuition Assistance. The courses and facilities **do not** have to be approved for other VA benefit programs.

**8. MGIB RATE REDUCTION.** If Tuition Assistance Top-up has been paid, the full-time monthly rate of MGIB benefits to which the individual would normally be entitled is subsequently reduced by the amount of the total Top-up payment divided by 36. For example, if a person who would normally be entitled to a full-time rate of \$650 per month had received a total of \$3600 in Top-up benefits, the person's full-time monthly rate would be reduced by \$100 per month to \$550 for his or her subsequent enrollments, whether as an in-service or veteran claimant. These rate reductions apply to both subsequent MGIB enrollments and for future TAT claims where the rate is used to establish the upper limit of reimbursement. See paragraphs 17, 20, and 21 for a discussion of how these reductions affect payment.

**a. Less Than Full-time Rates Reduced.** If a person is training at less than full-time, the reduced monthly rate would be a portion of the reduced full-time monthly rate. In the example above, a person training half-time is entitled to up to \$275 per month.

**b. Reductions Apply to Rate Limits, Not Actual Rates.** If a person is entitled to a rate based on tuition and fees, the reduction is applied to the limit for that training time, not to the tuition and fees rate. For example, if the trainee in the previous example was in-service, the monthly rate would be limited by the amount of tuition and fees up to \$275 per month. Payment could not exceed \$275 per month, regardless of the actual amount of tuition and fees. If the person's rate would be less than \$275 per month based on tuition and fees, no reduction is necessary.

**c. Limits Reduce As Payments Are Made.** As additional Top-up payments are made, the maximum limit for Top-up payment is reduced. For example, if a person's monthly full-time rate is initially \$650 and we pay \$360 in Tuition Assistance Top-up, the next time TAT is paid, the limit is reduced to \$640 per month for full-time training, \$320 per month for half-time training, etc.

**d. Kickers Not Reduced.** The reduction applies to the basic rate only, not to any kicker portion of the monthly rate. Although it would be very unusual, if a person had received an amount of Top-up equal to his or her entire MGIB basic entitlement, the person could receive a monthly rate equal to only the kicker portion of the normal rate. Likewise, a person with no kicker who had received Top-up equal to the entire MGIB amount, would become eligible for payment of a small monthly rate based on future cost of living increases.

*NOTE: Previous duplication of benefit provisions still apply to Tuition Assistance and MGIB benefits. A person cannot receive "normal" MGIB monthly benefits for the same course for which Tuition Assistance is received. Therefore, we cannot award MGIB benefits and pay Tuition Assistance Top-up for the same course.*

## APPLICATION PROCEDURES

**9. ORIGINAL CLAIMS.** Top-up can only be paid to persons who are eligible to receive chapter 30 benefits. Therefore, if no chapter 30 master record exists, basic eligibility to chapter 30 must be established before eligibility to Top-up can be considered. An original claim must be submitted on a VA Form 22-1990 or through VONAPP (Veterans On-line Application).

**a. Must Specify Top-Up.** If the application specifies that it is an application for the Top-up benefit, establish an EP200 and determine eligibility to chapter 30. If the claimant is eligible, issue a generic Certificate of Eligibility (COE) to advise the claimant of basic chapter 30 eligibility.

**b. Review Evidence.** If the Tuition Assistance Top-up is payable without development for additional information (see the CERTIFICATION REQUIREMENTS section below), issue a COE through PCGL and follow the instructions in the TOP-UP PAYMENT PROCEDURES section below. Continue the End Product until the award is authorized.

**c. Create a COE Master Record?** Create an “T” type (COE) master record in BDN only if there is not sufficient evidence to pay TAT. Issue a COE through BDN to establish the “T” type master record. Take the End Product credit when the COE is authorized.

**10. SUPPLEMENTAL CLAIMS.** If a chapter 30 master record exists and the claimant would be eligible for regular chapter 30 payments, there is no specific form required to claim the Top-up benefit. Accept a VA Form 22-1990, VA Form 22-1995, or any correspondence that indicates it is a claim for Tuition Assistance Top-up, or Top-off, or other language that indicates the benefit sought.

**a. Claims For Tuition Assistance.** There is the possibility that some claimants may submit a claim for Tuition Assistance, itself, to VA. If that happens, advise the claimant that Tuition Assistance must be approved by his or her military component before Top-up benefits can be paid. Forms used for applying for Tuition Assistance by the military are described in the CERTIFICATION REQUIREMENTS section below.

*NOTE: The forms used by the military components for Tuition Assistance application and approval are acceptable as an application for the Top-up benefit because they are signed by the claimant. However, the claimant must specify somewhere on the form that he or she is claiming MGIB Tuition Assistance Top-up benefits.*

**b. End Product Control.** Control supplemental Tuition Assistance Top-up claims under EP 210.

**11. DISALLOWANCE.** If the claimant is not eligible for chapter 30 benefits, process a disallowance. It is not necessary to specifically disallow Tuition Assistance Top-up, so release the BDN generated disallowance letter. If a supplemental Top-up claim is disallowed for any reason, notify the claimant of the disallowance and provide appellate rights.

## CERTIFICATION REQUIREMENTS

**12. GENERAL.** The only required document for Tuition Assistance Top-up is the approved Tuition Assistance form(s) that the claimant receives from his or her military component and presents to the training establishment so that the establishment can claim reimbursement. The form must show the amount of Tuition Assistance authorized (see subpar. 15b, below). Supporting documentation, such as evidence of tuition charged by the school, may also be necessary, but is not required if the DoD form contains all necessary information.

**13. SOURCE OF CERTIFICATION.** Accept the completed form directly from the claimant as evidence of authorization of Tuition Assistance. Neither the training facility nor the military branch is required to submit the form to VA and should not be requested to do so. A legible photocopy or telefax copy of the form is acceptable. If the form is used as an application, the claimant must indicate that it is a claim for Tuition Assistance Top-up somewhere on the form.

**14. FORMS.** Unfortunately, the Tuition Assistance authorization form is not a standardized Department of Defense form. Each branch and component uses its own form(s) for Tuition Assistance application and approval. They all, however, contain common information required by DoD. It is that information that is necessary to determine the amount of Top-up benefit that is payable. The following table lists the form names and numbers for each of the military branches. Reserve and National Guard components use the same forms as their active duty counterparts. We will provide the RPO's with a complete set of sample forms when they are available.

Branch	Form Name	Form Number
Army	Request for Tuition Assistance - Army Continuing Education System	DA Form 2171
Air Force	Authority for Tuition Assistance - Education Services Program	AF Form 1227
Navy	Application for Tuition Assistance Tuition Assistance Authorization	NAVMC 10883 NAVEDTRA 1560/5
Marine Corps	Application for Tuition Assistance Tuition Assistance Authorization	NAVMC 10883 NAVMC 10883 (page 2)
Coast Guard	Application for Off-Duty Assistance Tuition Assistance Authorization	Dept. of Transp., USCG CG-4147 TBD

**15. NECESSARY INFORMATION.** Although the forms differ in their organization, they all contain information that is necessary to determine Top-up payment. The information described below is necessary to determine eligibility to TAT. Some services' forms contain all the information. Other services have the information on two separate forms.

**a. Application Information.** The application portion of the forms contain the following information.

- (1) Claimant's Name.
- (2) Claimant's Social Security Number.
- (3) Name of School.
- (4) Name of Course(s)
- (5) Number of Course(s)

(6) Number of Credit Hours for Each Course.

(7) Beginning and Ending Date of Each Course.

(8) Cost of Course(s). This refers to the school's charges for the course. On some forms it may be necessary to add the costs for individual courses to determine the total cost. Include fees in the total cost of the course if they are listed.

**b. Authorization Information.** The Navy, Marine Corps, and Coast Guard have a separate form for authorization of Tuition Assistance. The Army and Air Force include application and authorization information on a single form. In addition to the application information, the following evidence from the form(s) is required. Do not request this information directly from the military branch or the training facility.

(1) The amount of Tuition Assistance authorized. This is usually indicated by the phrase "Government Share" or "Cost to Government".

(2) The name, title, and signature of the person who authorized the Tuition Assistance. Make sure that this signature actually authorizes the payment of Tuition Assistance. Some services also require certification, usually from the claimant's commanding officer, that simply certifies the claimant's availability to pursue training. The Education Services Officer normally authorizes the TA.

**c. Evidence from the School.** As an alternative to evidence from the military, the claimant can submit evidence from the school that Tuition Assistance has been received for the courses claimed. Do not, however, request this information directly from the school. In some schools, the Certifying Official may not be the person who handles Tuition Assistance at the school. Also, the schools will not receive an Annual Reporting Fee for these enrollments.

**d. DoD Authorization.** All the forms contain the name, title, and signature of the person approving the claimant's application and authorizing the payment of Tuition Assistance. That information must be complete and legible in order to approve Top-up payment. Some forms contain the address and phone number of the authorizing official. If you need more information, it is appropriate to contact that individual, either in writing or by telephone.

## COMPARISON OF PROGRAM REQUIREMENTS

### 16. IMPORTANT DIFFERENCES BETWEEN TUITION ASSISTANCE, CHAPTER 30 BENEFITS, AND TUITION ASSISTANCE TOP-UP

**a. DoD/VA Authority.** It is important to remember that DoD has full authority and responsibility in approving and paying Tuition Assistance. Likewise, VA has full authority and responsibility in approving and paying Tuition Assistance Top-up. Refer all issues and questions

regarding eligibility or payment of Tuition Assistance to military branch Point of Contact for resolution.

**b. Program Differences.** The following table shows a comparison between requirements for Tuition Assistance (TA), chapter 30 benefits (MGIB), and Tuition Assistance Top-up (TAT)

	<b>TA</b>	<b>MGIB</b>	<b>TAT</b>
School Must Be Approved	No	Yes	No
Must Be Eligible for Chapter 30	No	Yes	Yes
DOD Determines Eligibility	Yes	No	No
VA Determines Eligibility	No	Yes	Yes
Limits on Entitlement	Yes, set by DoD	Yes, 36 months of Full time benefits	36 months of enrollment
Reduction in MGIB Basic Entitlement	No	Yes	No
Reduction in TAT Entitlement	No	No	Yes
Entitlement Adjusted by Training Time	N/A	Yes	No
Payment Based on Training Time	No	Yes	Yes
Enrollment Certification	N/A	from School	by DOD from claimant
Paid to	School	Claimant	Claimant
Counseling Available	by DOD	by VA	by VA
Change of Program Rules	No	Yes	No
Mitigating Circumstances Apply	No	Yes	No
Certificate of Eligibility Issued	No	Yes	No
Unsatisfactory Progress Rules	No	Yes	No

## TOP-UP PAYMENT PROCEDURES

**17. INTERIM PROCEDURES.** We have requested BDN system changes that will incorporate some of the requirements of Tuition Assistance Top-up into normal BDN processing. However, before those changes are installed, interim payment procedures are necessary. The subparagraphs below discuss interim procedures first and then the proposed system enhancements. This appendix will be revised when BDN changes for TAT are installed.

**a. Create a Chapter 30 Terminated Record.** There must be a chapter 30 “E” (terminated) master record in order to pay Top-up. If an “E” type master record already exists, proceed to subparagraph b. If no master record exists or an “I” type (COE) or “J” type (disallowed) record exists establish the terminated record as follows:

(1) Process an original award for one day of chapter 30 benefits. This is a “record purpose only” award, so the specific dates used are not important. Route the award for authorization.

(2) Authorize the original award. Suppress the BDN award letter.

(3) Process and authorize a Stop action effective the beginning date of the one day award. Suppress the termination letter. We recommend that you process the Stop immediately after the one day award is authorized. This will prevent generation of a monthly verification of enrollment. Therefore, it is advisable (but not required) that the person who authorized the one day award should process the Stop.

**b. Determine the Amount of Top-up Payable.** Follow the steps described below to determine the amount payable.

(1) From the Tuition Assistance Authorization form(s), determine the total cost of the course(s) to the student. If more than one course is being taken, it may be necessary to add the separate amounts for each course in order to determine the total.

*NOTE: Tuition Assistance and Tuition Assistance Top-up can be paid for fees and other charges to the student for enrollment in a course. However, not all military branches authorize Tuition Assistance for fees and charges. If the branch does not include fees and other charges for Tuition Assistance, VA cannot include them in the Tuition Assistance Top-up payment either. Therefore, it is not necessary to develop for fees or charges if they are not indicated on the Tuition Assistance authorization form(s). If they are indicated on the form, be sure to include them in the total cost to the student.*

(2) From the Tuition Assistance Authorization form(s) determine the amount of Tuition Assistance authorized by the military component.

(3) Subtract the amount of Tuition Assistance authorized as determined in (2) from the total cost of the course(s) to the student as determined in (1). If the military is paying the entire cost, deny the claim for Tuition Assistance Top-up.

(4) Determine the claimant’s training time **for the courses for which TA is authorized**, under normal chapter 30 methods. If the course(s) are graduate level courses, use the undergraduate training time rules for this portion of the calculation. It may be necessary to check OLAF (On-line Approval File) to determine if a school has a 12, 13, or 14 hour full-time requirement. If the course is being taken at an unapproved branch location, use the parent school’s full-time requirement if the parent school is approved. If the school is not approved, use 12 hours as the full-time requirement.

*NOTE: In most graduate training cases, the use of the undergraduate training times should be sufficient to permit payment of the full difference between the cost of the course and the Tuition Assistance paid by DOD. If, however, the limit prevents payment of the full difference in a graduate training case, request the claimant to submit evidence of the school's graduate training full-time enrollment requirement. This is usually contained in the school's catalog. Do not request the information from the school unless the claimant states that he or she is unable to get the information. If the Case Manager authorizing the TAT payment is familiar with the school's graduate training time levels, indicate that fact in the TIMS note and base payment on that rate without development.*

(5) Determine the claimant's chapter 30 rate levels for the training time determined in (4). It is not necessary to determine the actual monthly rate for in-service claimants. Use the training time rate maximums **in effect at the beginning of the term** for Top-up payment. Remember the rate level will be less if we paid TAT before. See paragraph 20 below for those computations.

(6) Calculate the total payment limit using normal "manual" payment calculation methods, using the monthly rate level determined in (5) as the monthly rate.

(7) The amount payable is the lesser of the difference between the total cost and the TA authorized as determined in (3) and the maximum payment limit determined in (6).

**c. Determine TAT "Entitlement" Used.** The TAT limit is 36 months of payments, so it is necessary to calculate that amount and keep track of it as described in subparagraphs h(2)(h) and g below. Reduce TAT entitlement based on the length of the term, regardless of training time. A 3 month term results in use of 3 months of TAT entitlement. There is, however, no reduction in chapter 30 basic entitlement. For overlapping courses do not "double charge" entitlement. For periods that overlap, only count the period once.

**d. Authorize Payment**

(1) In TIMS, create a NOTE that says, "Tuition Assistance Top-up of \$XXXX.XX is authorized based on TA Form signed XX-XX-XX." The amount is the amount authorized, the date is the signature date on the Tuition Assistance authorization form from DoD.

(2) Enter a Remark associated with the NOTE that says "TAT Authorized, See NOTE", and initial it.

(3) In the Remarks section of the BDN Master Record enter "TAT Paid - Rate."

(4) Route the claims token for Fiscal processing.

**e. Process Payment.** Until BDN changes are completed, process payment with an 06A fiscal transaction on the F15 screen. Enter the amount authorized and use Cost Code 227 for Tuition Assistance Top-up. Capture the screen for record purposes.

**f. Notify Claimant.** Fiscal payments do not issue award letters, so prepare a letter to the claimant, in addition to the previously released Certificate of Eligibility, that advises him or her of the award. The letter must contain the following information.

- (1) The amount of the Tuition Assistance Top-up payment authorized.
- (2) The names and beginning dates of the courses for which it is authorized.
- (3) The number of months of TAT entitlement used and remaining.
- (4) A statement that we will reduce future MGIB benefit payments based on the amount of TAT payments paid.
- (5) An explanation that the amount authorized is the maximum payable, but that he or she can elect to receive a lesser amount. Advise the claimant that if he or she wants a lesser amount, to return the payment and submit a letter stating the amount requested.
- (6) Advise the claimant that acceptance of the payment acknowledges that he or she is enrolled in the course(s) for which the benefit is paid. Advise the person that if he or she did not enroll in the course(s) to return the payment.
- (7) Provide standard due process information or attach a 4107.

**g. Maintain a Log of Cases.** Before BDN changes are made, keep track of the TAT payments made. Stations may use whatever means they choose to log the information, but it must be accessible to all persons who process subsequent TAT or regular benefit claims. The total amount of Top-up paid is a factor both in future Top-up payments and regular chapter 30 payments. Log the following information:

- (1) Claimant's file number.
- (2) Claimant's Social Security number (if different from the claim number),
- (3) The **cumulative total** amount of TAT paid.
- (4) The **cumulative total** of months and days of the terms for which it is paid.

**h. TAT AMOUNT EXAMPLE.** The following example illustrates the calculations described above.

(1) Facts. The Tuition Assistance authorization form shows the student is enrolled in two 3 semester hour courses at Acme University from September 14 to December 21, 2001. It shows the tuition for the courses as \$1085 each. One course has a separate lab fee of \$50. The military branch has authorized a total Tuition Assistance payment of \$1665. The claimant is eligible for chapter 30 benefits under Category IB (term of service of 3 years or more) and has been on active duty for 4 years.

(2) Calculation

(a) The total cost to the student is \$2220 (\$1085 each for the two courses plus a \$50 fee). Include the fee in the total cost.

(b) The amount of Tuition Assistance authorized is \$1665. This amount is 75% of the total cost, but it is not necessary that we know the specific percentage since the amount is less than the total cost.

(c) The difference between the total cost and the amount of TA authorized is \$555 (\$2220-\$1665).

(d) There is no record of approval for Acme University in OLAF. Therefore the training time is based on the 12 hour full-time training time requirements. Since the claimant is receiving TA for 6 hours, training time would be half-time. Remember to use only the courses for which TA was paid for this determination. The claimant may be enrolled in additional courses. We are only concerned with the courses covered by TA.

(e) The monthly rate limit for half-time training for a person eligible under Category IB is \$325 on September 14. Although there will probably be a rate increase on October 1, the rates in effect on the date the course started are used to determine Top-up payments.

(f) Calculate the maximum amount payable:

September	17 days X \$325/30 =	\$184.17
October		\$325
November		\$325
December	21 days X \$325/30 =	<u>\$227.50</u>
TOTAL		\$1062.67

(g) The amount of the difference between the total cost of the course and the amount of TA (\$555) is less than the maximum amount payable (\$1062.67). Therefore, the Tuition Assistance Top-up payment is \$555.

(h) The TAT entitlement used in this example would be 3 months and 8 days. Use the same calculation as in subparagraph (f) above. Adding the two partial months results in 38 days, which converts to 1 month 8 days. Add the two full months to obtain the total.

**18. FAILURE TO COMPLETE COURSE.** Schools are required to notify the authorizing official of the Tuition Assistance payment of the termination from a course for which Tuition Assistance was paid. The military services determine what, if any, of the amount is subject to recovery as a debt. Do not adjust Tuition Assistance Top-up payments unless the military department initiates collection action for the Tuition Assistance. Procedures for VA notification from DoD are being developed. In the interim, follow these procedures.

**a. Notification of Withdrawal From a Course.** If a student or school advises VA that a claimant has withdrawn from a class, forward the notification to the authorizing official of the Tuition Assistance. That person's name should be on the Tuition Assistance Authorization form submitted by the claimant. Request notification of the final determination.

**b. Notification of DoD's Collection Action.** If we get notification from DoD that they are taking collection action on a Tuition Assistance payment, advise the claimant that he or she must repay the Tuition Assistance Top-up because of failure to complete the course. The six-credit hour exclusion applicable to regular chapter 30 benefits does **not** apply to Top-up. Process an 04E Fiscal transaction to create an overpayment for the amount of the Tuition Assistance Top-up payment for the course(s). Be sure to adjust the log to reflect the lower total amount paid and TAT entitlement charged.

**19. BDN CHANGES.** Due to restrictions on programming resources caused by the migration of all benefit systems from BDN to the Corporate environment, only minimal changes, essential to the accurate payment of benefits can be made. We have requested the following enhancements for Tuition Assistance Top-up payment.

**a. New Fiscal Transaction.** There will be a new fiscal transaction specific to Tuition Assistance Top-up. It is modeled after the current 06L Transaction for Work-study payments. The fiscal will require the existence of a master record, but will not require an award line. Also, TAT payments will be recognizable from the M22 (Transaction and Payment History) Screen when the new fiscal transaction is used. The new fiscal is scheduled for installation in late Spring 2001.

**b. CORRable M23 Screen Fields.** The M23 (Chapter 30 Eligibility and Entitlement) Screen will contain two new fields. The fields will be used to enter and store the total Tuition Assistance Top-up amount paid and the cumulative TAT entitlement used. The fields will be updated by CORR action. They will not be automatically updated by the fiscal transaction. When these fields are installed, it will no longer be necessary to maintain a separate log for TAT cases. These fields require database changes and will be installed with other enhancements for other new legislation processes. We have requested a late Summer 2001 installation.

## MGIB RATE REDUCTION PROCEDURES

**20. SUBSEQUENT TAT CLAIMS.** As discussed in paragraph 8, above, the total amount of Top-up payments must be reduced from the chapter 30 monthly rate. This means that each time we pay Top-up, the rate limits on which the next payment is made will be reduced.

**a. Determine the Amount of Reduction.** Determine the reduction amount by dividing the **total** Tuition Assistance Top-up paid by 36. In the example above, we authorized a payment of \$555. Therefore, the reduction in the monthly rate is \$555 divided by 36, which is \$15.42 (round cents up at .005).

**b. Compute the Revised TAT Limit.** Apply the reduction to the full-time rate applicable for the claimant. Compute less than full-time rates from the adjusted full-time rate. do not do this unless you receive a new claim. This is illustrated below, using the continuing example.

(1) The adjusted full-time monthly rate is \$650 minus \$15.42, which is \$634.58.

(2) When you receive a new claim, calculate the new payment limit based on the adjusted full-time rate. In this example, the three-quarter time rate is \$475.94, the half-time rate is \$317.29, the quarter-time rate is \$158.65.

**c. Use Cumulative Amounts.** Use the total Top-up amount paid for this computation. Therefore, remember to adjust the log (and later the M23 screen) whenever you make a payment.

**21. RATE REDUCTIONS ON CHAPTER 30 AWARDS.** The rate reduction applies to all future MGIB payments, so we must reduce all subsequent awards of “regular” chapter 30 benefits, also. If a person who has received Top-up payments submits a claim for chapter 30 benefit payments, use the following interim procedures.

**a. Calculate the Adjusted Chapter 30 Rate.** The calculation is the same as in paragraph 20, above. Use the total amount of Top-up that has been paid as of the beginning date of the award being processed.

**b. Tuition and Fees Awards.** For awards based on total charges (in-service and less than half-time veterans), enter the award under normal award processing procedures. Review the generated rate to insure that it is less than the adjusted rate determined in subparagraph a. If the generated rate is less than the adjusted rate, then award the generated (tuition and fees) rate. If the generated rate is more than the adjusted rate, follow the rate reduction instructions in subparagraph c, below.

**c. Rate Reduction.** Use a reduced monthly rate for a veteran training at half-time or more and for those service members and veterans whose tuition and fees rate exceeds the “ceiling” established in subparagraph b, above. Enter the adjusted rate in the Rate field on the 312 (Education Award) Screen and enter an “M” override in the O/R field. In the Message field enter “TAT Rate Adjustment”.

**d. Flight, Correspondence, and Apprenticeship/OJT Awards.** The Chapter 30 PC will not permit the entry of non-standard rates. If you receive a claim for flight, correspondence, apprenticeship, or OJT benefits from a claimant who has received Top-up benefits, call Education Service Procedures staff for processing instructions.

**e. Chapter 34/30 (Category II) Awards.** Technically, we apply the TAT reduction for a Category II claimant only to the chapter 30 portion of the monthly rate. In practice, for computation purposes, applying it to the total rate will normally yield the same result. However, in the unlikely event that the total TAT payments would eliminate the full chapter 30 portion of the rate, the claimant is still entitled to the chapter 34 portion. If adding a dependent to a Category II award, remember to apply the TAT reduction to the new monthly rate.

**f. Rate Increases.** The adjusted rate will have to be re-computed whenever a rate increase is applied. The use of the override will identify these cases in the normal rate increase adjustment and included in “not-adjusted” cases with other overridden rates.

## 22. RATE REDUCTION EXAMPLES

**a. Simple Example.** This example is the easiest and likely the most common application of the TAT rate reduction for three separate claimants.

(1) Facts. Three claimants have each received \$1200 in Tuition Assistance Top-up benefits. The first is a Category IB student whose normal full-time monthly rate is \$650. The second is a Category IA student whose normal full-time monthly rate is \$528 and has a \$333.33 kicker for a total rate of \$861.33. The third is a Category II student with one dependent whose normal full-time rate is \$874. All three are enrolled for 6 hours (half-time) in a 4 month semester. The first claimant is in-service and her tuition and fees are \$800. The other two are veterans.

(2) First, compute the TAT reduction amount by dividing the amount of TAT paid by 36. This would be the same for all three claimants since they all have received \$1200 in TAT payments.

$$\$1200/36 = \$33.33 \text{ monthly TAT reduction}$$

(3) Next, determine the adjusted full-time rate by subtracting the TAT reduction from the normal full-time rate. Note that for Claimant 2 the adjusted rate is the same whether you add the basic and kicker rate and then subtract the reduction amount, or subtract the reduction from the basic rate first and then add the kicker amount.

	Claimant 1	Claimant 2	Claimant 3
Full-time Rate	\$650.00	\$861.33	\$874.00
TAT Reduction	\$33.33	\$33.33	\$33.33
Adjusted FT Rate	\$616.67	\$828.00	\$840.67

(4) Finally, determine the adjusted rate for the claimants' training time by multiplying the adjusted full-time rate by the .75, .5, or .25, as appropriate. In these examples, the .5 factor applies.

	Claimant 1	Claimant 2	Claimant 3
Full-time Rate	\$650.00	\$861.33	\$874.00
TAT Reduction	\$33.33	\$33.33	\$33.33
Adjusted FT Rate	\$616.67	\$828.00	\$840.67
Training Time	.5	.5	.5
Adjusted Rate	\$308.34	\$414.00	\$420.34
Payment Rate	\$200.00	\$414.00	\$420.34

(5) Because Claimant 1 is an in-service claimant, her rate is the lesser of tuition and fees or the new half-time institutional rate, whichever is less. Since her tuition and fees rate would be \$200 per month, it will not be necessary to use an "M" override when processing her award. If her tuition and fees were \$1600 for 4 months, her tuition and fees would be \$400 per month, which exceeds the new half-time rate. Therefore, her payment would be \$308.34 per month and an "M" override would be necessary.

**b. Complex Example.** This example combines additional elements of the rate reduction concept.

(1) Facts 1. An in-service Category IB claimant applies for Tuition Assistance Top-up for enrollment in a one month long, 3 credit hour (full-time), graduate level course. The tuition, fees, and other charges for the course total \$1410. His component authorized \$1050 (the current DoD limit for a 3 hour course) in Tuition Assistance.

(2) Determine and pay the Top-up award. The claimant's normal full-time monthly rate is \$650. The difference between the total cost of the course and the amount of Tuition Assistance authorized is \$360. Since that is less than the full time rate to which he's entitled for the one month course, the TAT payment is \$360.

(3) Facts 2. On May 1, 2001, the claimant contributes an additional \$100 toward MGIB (see Appendix B) benefits. He applies for TAT for another one month course that begins on June 1, at the same cost and receives the same Tuition Assistance payment.

(4) Now we must adjust his full-time monthly rate due to both his additional contribution and his previous receipt of TAT. The additional \$100 contribution would increase his normal monthly rate to \$675 (\$1 per month for each \$4 contributed). Reduce the rate by the amount of TAT received divided by 36, or \$10. Therefore, his adjusted full-time rate is now \$665. Therefore, authorize TAT payment for an additional \$360.

(5) Facts 3. The claimant takes 2 more similar courses and receives TAT for each, increasing his total TAT payment to \$1440. On August 10, he contributes an additional \$200 to his MGIB account, for a total of \$300 in additional contributions. Because he has now received the maximum amount of Tuition Assistance allowed by DoD for a year, he applies for MGIB benefits for another one month course that starts September 1, 2001. The tuition for this course is still \$1410.

(6) To compute the current monthly rate, first add the additional contribution increase to the “normal” full-time rate. The additional contribution amount is now  $\$300/4 = \$75$ . The new “normal” full-time monthly rate is  $\$650 + \$75 = \$725$ .

(7) Next divide the total TAT paid by 36 to determine the TAT reduction. That amount is  $\$1440/36 = \$40$ .

(8) Subtract the TAT reduction from the new normal monthly rate to get the adjusted monthly full-time rate.  $\$725 - \$40 = \$685$ .

(9) To determine the monthly rate for the award, first determine the monthly rate based on tuition and fees. Because the course is one month long and charges are \$1410, that rate would be \$1410. Compare the tuition and fees rate with the adjusted full-time rate and use the lesser rate, in this example, \$685 per month for the chapter 30 award.

## 23. EFFECTIVE DATES

**a. One Year Rule.** Like other benefits, TAT is only payable for claims received within one year of enrollment (see Pt. IV, par. 1.16A). Because TAT is a lump-sum payment for an entire term, if the claim is received within one year of the **ending** date of the term, TAT can be paid for the entire term. It is not necessary to prorate the amount payable by a part of the term.

**b. Delimiting Date.** If the claimant reaches his or her delimiting date during a term for which TAT is claimed, determine the proportionate amount of TAT payable. For example if TAT is claimed for a term that begins on January 10 and ends on May 24 and the delimiting date is April 5, TAT is only payable through April 4. To determine that amount, first determine the Top-up amount payable for the entire term. Then determine the portion of the term for which Top-up is payable as a percentage. Use calendar days in the computation. Then multiply the percentage by the total amount. In this example, if TAT of \$300 would be payable for the entire term, the computation would be:

Total Days in Term = 135  
Total Days Payable = 85  
Percentage =  $85/135 = 63\%$   
TAT Payment =  $\$300 \times .63 = \$189$

**24. BDN CHANGES FOR RATE REDUCTIONS.** A new override will be developed so that the reason for the non-standard rate can be easily identified. We've requested a Summer 2001 installation for that override. Manual computation of the adjusted rate will continue to be necessary.

**25. QUESTIONS.** Refer questions to the following staffs:

**a. Policy.** Program Administration Staff at (202) 273-7187 or by e-mail to: VAVBAWAS/CO/225B.

**b. Award Procedures.** Education Procedures staff at (202) 273-7181 or by e-mail to: VAVBAWAS/CO/224B.

**c. Finance Procedures.** Finance staff at (202) 273-9689.

**d. Systems.** Education Systems staff at (202) 273-7169 or by e-mail to: AVBAWAS/CO/224A.

By Direction of the Under Secretary for Benefits

Celia P. Dollarhide  
Director, Education Service

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